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FISCAL IMPACT STATEMENT

LS 7721

BILL NUMBER: SB 530

NOTE PREPARED: Jan 22, 2003

BILL AMENDED:

SUBJECT: Medicaid Personal Care Services.

FIRST AUTHOR: Sen. Dillon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning to apply to the United States Department of Health and Human Services to amend the State Medicaid Plan to include personal care services.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *Summary:* This bill would require the Office of Medicaid Policy and Planning (OMPP) to amend the State Medicaid Plan to include personal care services (PCS), an optional benefit, as a Medicaid entitlement service in Indiana. The state may establish utilization control limits on the definition of personal care services such as limiting the scope and duration of services provided, limiting the categories of eligible individuals who may receive the services, and requiring prior authorization. Further, since the state provides personal care services under the Medicaid Waiver option, the benefit defined for the State Plan may not duplicate the services being made available under the waivers, or the waivers would also need to be amended. (Waiver clients would be entitled to services defined in the State Plan.) Arkansas currently provides personal care services in their State Plan. Based on the relative sizes of the aged, blind, and disabled populations in the two states and considering the average cost of the service as defined and provided in the Arkansas program, the total cost of adding this benefit in Indiana could be \$57.5 M, or \$21.8 M in state General Funds. Ultimately the cost of this bill would be dependent upon legislative action and administrative implementation of the benefit.

Background: Personal care services are defined as services provided to an individual who is not an inpatient or resident of a hospital, nursing facility, intermediated care facility for the mentally retarded, or institution for mental disease that are authorized by a physician or in accordance with a service plan for the individual.

Personal care services are provided in a home by a qualified individual who is not a member of the individual's family. PCS may include a range of human assistance provided to persons with disabilities and chronic conditions of all ages that enable them to accomplish tasks they would normally perform for themselves if they did not have a disability. Assistance may be in the form of hands-on assistance (actually performing the task for the individual) or cueing the individual to perform the task. The assistance most often involves the performance of activities of daily living (ADLs) and instrumental activities of daily living (IADLs). ADLs include eating, bathing, dressing, toileting, transferring, and maintaining continence; IADLs include more complex activities, such as using a telephone, laundry, grocery shopping, meal preparation, etc.

In 1999, the U.S. General Accounting Office (GAO) reported that 27 states offered personal care services as a benefit under their state plans and 43 states provided personal care under the home and community-based services waiver option. (The waivers offer the ability for states to target services or limit services to defined populations.) States may also offer some limited personal care service as a covered service under the Home Health Care mandatory Medicaid benefit.

OMPP reported that within the Medicaid waivers that offer these services, the total paid for attendant or personal care was \$35.9 M in FY 2001 and \$48.2 M in FY 2002. The average paid per recipient per year was \$12,782 in FY 2001 and \$15,088 in FY 2002. The waiver recipients would be expected to be the most in need of the most extensive personal care services; using these per recipient averages would yield an unreasonable cost estimate for the Medicaid population as a whole. Recipients most likely to access services proposed to be offered under the State Plan would be current Medicaid eligibles who might be on a waiver waiting list or who do not meet the institutional level of care required for the waivers but have a medically defined level of need. OMPP has estimated the Medicaid population that would potentially be eligible for personal care services to be 51,032.

The state of Arkansas offers personal care services as an option under its State Medicaid Plan. Arkansas Medicaid imposes a 64-hour benefit limit per month per client for persons age 21 years and older. Additional medically necessary hours may be approved with prior authorization. Clients under the age of 21 receive services on a prior authorization basis only. Arkansas providers are currently paid an hourly rate of \$12.36. In SFY 2002, 16,089 Arkansas recipients used personal care services; total expenditures for the state were \$53.4 M. On average, the recipients using personal care benefit used 269 hours (maximum hours billable without prior authorization would be 768). The average expenditure per recipient was \$3,321. If Indiana's enrolled population of aged, blind, and disabled individuals is compared to that in Arkansas, approximately 17,300 individuals might be expected to use PCS. The total cost of adding this benefit could be \$57.5 M, or \$21.8 M in state General Funds.

The Arkansas Medicaid program is different from the Indiana Medicaid program. Examining a single program element has its limitations because of wide disparities in how and to whom state Medicaid programs provide services. Each element of service must be looked at in terms of the state's total long-term care program. Arkansas may experience lower rates of institutionalization than Indiana; the issue of reductions in nursing home expenditures that might be realized by delaying or avoiding institutionalization has not been addressed in this estimate.

Expenditures in the Medicaid program are shared, with approximately 62% of program expenditures reimbursed by the federal government and 38% provided by the state.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning and the Division of Disability, Aging, and Rehabilitative Services.

Local Agencies Affected:

Information Sources: Amy Kruzan, Legislative Liaison for the Family and Social Services Administration, (317)-232-1149; “Adults with Severe Disabilities, Federal and State Approaches for Personal Care and Other Services”, U.S. General Accounting Office, May 1999, (GAO/HEHS-99-101); and “Understanding Medicaid Home and Community Services: A Primer” US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, May 2000.

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